

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D. C. 20268-0001

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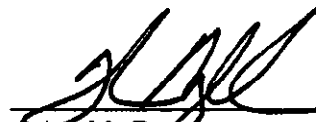
POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

INTERROGATORIES OF ADVO, INC. TO NEWSPAPER
ASSOCIATION OF AMERICA WITNESS TYE (ADVO/NAA-T1-1-8)

Pursuant to sections 25 and 26 of the Rules of Practice, Advo, Inc. (Advo)
directs the following interrogatories to Newspaper Association of America witness Tye

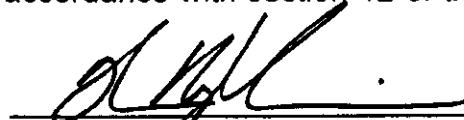
Respectfully submitted,



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Thomas W. McLaughlin
Burzio & McLaughlin
1054 31st Street, N.W.
Washington, D. C. 20007
Counsel for ADVO, INC.

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Thomas W. McLaughlin

June 19, 2000

ADVO, INC. INTERROGATORIES TO NAA WITNESS TYE

ADVO/NAA-T1-1. At page 11 of your testimony, referring to witness Daniel's unit costs by weight increment, you state that all of the Standard A subclasses show "rapidly increasing costs at the highest weights."

- (a) Please confirm that this statement refers to the last 15-16 ounce increment within the Standard A subclasses. If you cannot confirm, please explain over what weight range these "rapidly increasing costs" occur, and provide all data and analyses upon which you base this statement.
- (b) Does this statement apply to ECR high-density and saturation flats? If so, please provide all data and analyses that show "rapidly increasing costs at the highest weights" for ECR high-density and saturation flats.

ADVO/NAA-T1-2. At Tr. 1207, witness Daniel confirmed that the volume in the last 15-16 ounce increment constitutes less than 0.04% of total ECR volume.

ADVO/NAA-T1-3. At page 14, you cite witness Daniels' statement that:

"The shape, origin/destination combination, cube, and level of presorting and dropshipping of mail can affect the cost of the mail."

You then claim:

"Even when [witness Daniel] attempts to control for worksharing and Basic/High Density/Saturation differences (at Tr. 4/1209-20 and 1351-59), she cannot sufficiently control for the other factors that vary across weight."

Please identify the "other factors that vary across weight" that you are referring to.

ADVO/NAA-T1-4. At page 10, you discuss the thinness of IOCS tally data for ECR mail above 7 ounces. Is it your position that thinness of data is, by itself, a sufficient reason to reject any reduction in the pound rate for ECR mail?

ADVO/NAA-T1-5. At pages 20-21, you criticize the Postal Service for proposing a pound rate decrease for Standard A ECR but a pound rate increase for Standard A Nonprofit ECR, and characterize this as "conform[ing] to a pattern of a [sic] 'stealth' competitive reductions."

- (a) What are the current pound rates for Standard A Nonprofit ECR mail by drop shipment tier, and how does those pound rates compare with the current pound rates for Standard A (commercial) ECR?
- (b) Are you aware of the pound rate that the Postal Service proposed for Standard A Nonprofit ECR in Docket R97-1, and how that proposed pound rate compared with the pound rate recommended by the Commission? If so, please state your understanding of the difference between the USPS proposed and Commission recommended pound rate, including the respective pound rates after discounts for DBMC, DSCF, and DDU drop shipment.
- (c) In light of the commercial and nonprofit ECR pound rates in part (b) above, is it still your contention that the Postal Service's proposal to increase the nonprofit pound rate while decreasing the commercial pound rate "conforms to a pattern of a [sic] 'stealth' competitive reductions." Explain any affirmative answer.

ADVO/NAA-T1-6. At page 36, you claim that the Postal Service has overstated Test Year ECR revenues, and at page 37, you criticize witness Moeller for "assuming that mailers will not increase the average weight of pieces" as a result of the proposed rate changes. If mailers, in fact, will increase the average weight of pieces, wouldn't that have the effect of increasing ECR revenues compared to witness Moeller's assumption? Please explain any negative answer.

ADVO/NAA-T1-7. At pages 18-19, you state that the implicit cost coverage comparison used by witness Moeller for Standard A ECR mail would, if applied to Standard A Regular mail, require an increase in the Regular pound rate. Is it your position that this relationship between the ECR and Regular implicit cost coverages justifies maintaining an ECR pound rate that is nearly identical to the Regular pound rate? If so, please explain why.

ADVO/NAA-T1-8. Please provide the ECR rates (including rate elements) and percentage rate changes that would result from adoption of your rate proposal recommendations.